

*Used at last week's HOSCI briefing*

22 July 1986

Talking Points for DDI

Bolivia: Operation Blast Furnace

Operation Blast Furnace kicked off last week, and the US and Bolivian forces involved have encountered no resistance.

- Raids continued over the weekend in the Beni--the region with the heaviest concentration of cocaine laboratories--but without repeating Friday's seizure of a major processing complex.

-- [REDACTED]

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[REDACTED] The petroleum workers' strike that forced a one-day postponement of the operation is over, and fuel is readily available.

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[REDACTED]

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The narcotics industry in Bolivia destabilizes an already weak political system.

- Corruption is rife in the military and police--including anti-narcotics units--and the U.S. Embassy reported that most major candidates in national elections last year had links to traffickers. In the past, traffickers have allegedly encouraged both coup and countercoup plots.
- The money and influence held by the traffickers gives them the ability to mobilize large groups of peasants, including two powerful affiliates of the leftist-dominated Labor Confederation.

According to US Embassy reporting, the narcotics industry has also badly skewed the economy.

- Most of the vast drug profits--we estimate they totalled over \$3 billion last year--remain outside the country, but the 20 percent that does return has created a vast underground economy.
- The decline in world prices for tin and natural gas--Bolivia's largest legitimate exports--has displaced thousands of workers, and

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many of them have moved into coca production.

- There is little incentive for coca farmers to sell the leaf through the existing legal market because traffickers pay about twice the market rate for coca leaf, and they often pick up the coca or coca paste at the farm gate, eliminating transport costs for the farmer.

Operation Blast Furnace--which is scheduled to last 60 days--is likely to disrupt cocaine production and trafficking at least temporarily, but could also cause serious political problems for Paz Estenssoro.

- Despite their size, the major trafficking organizations can react quickly to conceal processing equipment and chemicals and to alter trafficking patterns to survive government crackdowns.
- Traffickers may decide to move or expand their operations into neighboring countries to reduce personal risks; Brazilian border patrols are keeping a close watch for crossings by Bolivian traffickers.
- Drug traffickers may decide to disrupt antidrug efforts by inciting peasant protests or setting up roadblocks, and there may be armed resistance to raids on some laboratories.
- Paz Estenssoro is likely to face angry protests in Congress when it reconvenes on 6 August; some congressmen--including those with drug links--have charged that the government acted unconstitutionally by allowing foreign intervention without Congressional approval.

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